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REPORT TO THE CONGRESS

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Audit Of The Overseas Private Investment Corporation Fiscal Year 1971

B-173240

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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MAY 16, 1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-173240

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on the audit of the Overseas Private
Investment Corporation for the fiscal year ended June 30,
1971.

It is our first report on the Corporation inasmuch as
the fiscal year ended June 30, 1971, was the year in which it
formally commenced its operations. This audit was made
pursuant to the Government Corporation Control Act
(31 U.S.C. 841).

Copies of this report are also being sent to the Direc-
tor, Office of Management and Budget; the Administrator,
Agency for International Development; and the President of
the Overseas Private Investment Corporation.

James B. Stacks

Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
DIGEST	1
CHAPTER	
1 INTRODUCTION	3
Management of OPIC	4
2 INVESTMENT INSURANCE PROGRAM	5
Purposes and objectives of the Investment Insurance Program	5
Specific risks for which coverage is available	5
Qualifying for insurance coverage	8
Amount of insurance coverage available	9
Amount of insurance outstanding	9
Computation of insurance fees	12
3 POTENTIAL INSURANCE CLAIMS	13
Potential claims in Chile	14
Status of OPIC insurance reserves	16
4 INVESTMENT FINANCING PROGRAM	17
Investment guarantees	17
Loan program	18
Preinvestment surveys	19
Community Credit Guaranty Program	20
5 OPINION OF FINANCIAL STATEMENTS	21
FINANCIAL STATEMENTS	
SCHEDULE	
1 Statement of net income	23
2 Statement of financial condition	25
3 Statement of changes in investment of U.S. Government	26

SCHEDULE		<u>Page</u>
4	Statement of source and application of funds	26
	Notes to financial statements	27

APPENDIX

I	Principal officials of the Overseas Private Investment Corporation at June 30, 1971	29
II	Positions of the Overseas Private Investment Corporation board members	30

ABBREVIATIONS

AID	Agency for International Development
DIF	Direct Investment Fund
GAO	General Accounting Office
OPIC	Overseas Private Investment Corporation

D I G E S T

WHY THE AUDIT WAS MADE

The Government Corporation Control Act requires that the General Accounting Office (GAO) make an annual audit of the Overseas Private Investment Corporation (OPIC).

OPINION ON FINANCIAL STATEMENTS

In GAO's opinion the financial statements in the report, subject to the comments below relating to OPIC's potential claims liability, present fairly the financial position of OPIC at June 30, 1971, and the results of its operations, the changes in the investment of the U.S. Government, and the sources and applications of its funds for the year then ended, in conformity with generally accepted accounting principles and applicable Federal laws.

OPIC insures and guarantees U.S. investors against the potential risks of loss of their overseas investments due to (1) expropriation, (2) inconvertibility of currency, and (3) war, revolution, or insurrection. (See p. 5.)

As of November 1971 OPIC's management believed that potential claims under its insurance contracts totaled \$236.3 million. (See note 5 to the financial statements, p. 27.) This amount includes an \$11 million claim by The Anaconda Company for losses due to expropriation of its investment in mines in Chile. The amount does not include potential claims by The Anaconda Company and its subsidiaries for large additional expropriation losses in Chile. OPIC, on advice of outside counsel, believes that it has no liability for the additional claims. (See note 6 to the financial statements, p. 28.)

On February 10, 1972, The Anaconda Company formally submitted claims totaling about \$165.9 million to OPIC relating to expropriation losses in Chile. (See pp. 14 to 16.)

Due to the many imponderable factors affecting the foregoing potential claims, as well as those affecting the contingent liability of over \$4 billion that OPIC has incurred as a result of other contracts of insurance and guarantees in force (see note 4 to the financial statements, p. 27). GAO is not able to express an opinion on the adequacy of the amount reserved for losses OPIC may suffer as a result of its insurance and guarantee contracts.

MAY 16, 1972

OTHER MATTERS OF INTEREST

OPIC's Investment Insurance Program is designed to encourage U.S. private investment in less developed countries by insuring the investment against the political risks of loss due to expropriation; inconvertibility of currency; and war, revolution, and insurrection. As of June 30, 1971, \$8.35 billion of insurance was outstanding.

Of this amount, \$1.97 billion, or 23.6 percent, was issued by OPIC and \$6.38 billion was issued by predecessor U.S. Government agencies. The U.S. Government has provided some forms of political risk insurance since 1948. (See p. 5.)

In addition to insuring U.S. investment against political risk of loss, OPIC supports U.S. private investment by (1) guaranteeing loans and other investments, (2) making loans from its own resources, (3) a program of pre-investment assistance, and (4) administering, on behalf of the Agency for International Development, the Cooley loan program which makes loans in local currency in developing countries.

OPIC's guarantee program protects U.S. private investment against commercial, as well as political, risks of loss. As of June 30, 1971, OPIC had \$169.4 million of guarantees outstanding. (See p. 17.)

RECOMMENDATIONS OR SUGGESTIONS

This report contains no recommendations or suggestions.

MATTERS FOR THE CONSIDERATION OF CONGRESS

If claim settlements are in excess of available reserves, OPIC will be required to request supplementary funds from the Congress to pay the claims. Section 237(c) of title IV of the Foreign Assistance Act of 1961, as amended, provides that full faith and credit of the United States of America is pledged for the full payment and performance of obligations incurred by OPIC under its insurance and guarantee contract.

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CHAPTER 1

INTRODUCTION

The Overseas Private Investment Corporation was created by the Foreign Assistance Act of 1969 (Pub. L. 91-175 Dec. 30, 1969) to mobilize and facilitate the participation of U.S. private capital and skills in the economic and social progress of less developed friendly countries.

The major reasons for OPIC's establishment were to:

- Provide greater emphasis on promoting constructive private enterprise as a vital part of U.S. policy to achieve economic and social progress in the developing countries.
- Centralize assistance to U.S. private investment in developing countries through a separate independent agency organized to mobilize private capital and skills in development and, at the same time, coordinating its operations in the context of overall U.S. foreign policy.
- Establish a corporate organization with businesslike operations which could provide investment financing on a self-sustaining basis.
- Apply risk-management principles to the issuance of insurance.

OPIC stimulates private capital flows into less developed countries by insuring and guaranteeing U.S. investors against certain political and business risks and by sharing with American firms the cost of conducting surveys of investment opportunities. These programs, by their very nature, are an incentive for business firms to increase their investments in less developed countries. OPIC's major programs are described in chapters 2 and 4.

Through January 1971 programs designed to stimulate U.S. private investment in less developed countries were administered by the Agency for International Development

(AID) in its Office of Private Resources under titles III and IV of the Foreign Assistance Act of 1961, as amended. With the enactment of the 1969 amendments to the Foreign Assistance Act of 1961 (Pub. L. 91-195), administrative responsibility for investment incentive programs to encourage U.S. private investment in less developed countries was transferred from AID to OPIC.

Executive Order 11579 formally delegating corporate powers to OPIC and transferring all obligations, assets, and related rights and responsibilities arising out of, or related to, predecessor programs administered by AID was not signed until January 19, 1971. Thus until January 19, 1971, when they were transferred to OPIC, the investment incentive programs continued to be administered by AID. For accounting purposes the transfer was effective as of January 31, 1971.

MANAGEMENT OF OPIC

In accordance with the Foreign Assistance Act, the management of OPIC is vested in a board of 11 directors, the chairman of which is the Administrator of AID. Six of the directors (other than the president of OPIC who also serves as a director) are to be selected from private industry, and at least one of these directors is to be experienced in small business, one in organized labor, and one in cooperatives. The other five directors are to be officials of the Government of the United States. All OPIC directors are appointed by the President of the United States.

A list of the board members and the principal officers of OPIC, at June 30, 1971, is included as appendix I.

OPIC's activities are conducted through its office in Washington, D.C. At June 30, 1971, OPIC had 144 employees.

CHAPTER 2

INVESTMENT INSURANCE PROGRAM

PURPOSES AND OBJECTIVES OF THE INVESTMENT INSURANCE PROGRAM

The Investment Insurance Program, formerly referred to as the Specific Risk Guaranty Program, is designed to encourage the investment of U.S. capital and resources in underdeveloped countries. The U.S. Government first provided political risk insurance for U.S. private investment in 1948 under the Marshall plan.

The theory behind the program is that, by providing insurance coverage, at a modest cost, against the principal political risks likely to be encountered in less developed countries, U.S. private business institutions will be encouraged to participate in foreign-based enterprises. This participation, in turn, will augment the production of wealth, expand employment, create new markets, increase living standards and thereby increase the productive and self-sustaining capacities of the underdeveloped countries.

In return the interests of the U.S. private sector will be served by the opportunity to share in the markets created by long-term growth of the lower income countries.

Specific risks for which coverage is available

The Investment Insurance Program is not intended to provide protection against the normal risks attending most business endeavors. The investor is assured, however, that he will be protected, subject to certain conditions, against the three forms of risks that are commonly associated with foreign investment. These risks are referred to in the insurance contracts as (1) inconvertibility, (2) expropriation, (3) war, revolution, or insurrection.

Inconvertibility coverage--Inconvertibility concerns the inability of the investor to convert local currency received as profit or earnings or return of the original investment into U.S. dollars. Inconvertibility insurance does

not protect the investor against the effects of inflation or currency devaluation. OPIC's insurance guidelines state that inconvertibility is evidenced by any of the following situations.

1. The investor is prevented from converting his local currency into U.S. dollars for a period of 30 days by direct operation of a law, decree, regulation, or affirmative administrative act.
2. Applicable government officials fail to act upon a duly submitted application for conversion of local currency to U.S. dollars for a specified number of days (not less than 60).
3. The investor is permitted to convert but only at a discriminating rate of exchange which is less than 99 percent of the rate that would be used to convert under the insured coverage.

When any of these conditions exist and specified time periods have elapsed, the investor must deliver a foreign currency draft to OPIC before payment of the claim is made. The U.S. Government, through OPIC, will then pay the investor in U.S. dollars a sum equal to 99 percent of the dollar equivalent of the local currency involved. The dollar equivalency is based, when possible, upon the rate of exchange recognized by the central bank of the host country.

Expropriation coverage--This coverage refers to the loss of investment due to expropriation, nationalization, or confiscation by a foreign government.

As defined in the Foreign Assistance Act:

"The term 'expropriation' includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor with respect to a project, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project."

Compensation available to the investor is limited to the amount of coverage in force on the date of the expropriation and is reduced by any compensation received from the foreign government. If the foreign enterprise is insolvent, compensation for debt securities is limited to the amount the lender would have received if the enterprise had been liquidated and its assets distributed in bankruptcy.

Prior to receiving compensation the investor is required to deliver prompt written notification to OPIC describing, in detail, the circumstances behind the claim. The investor is required also to transfer to OPIC all rights, title, and interest in the insured investment. If OPIC is able to recover an amount in excess of the compensation paid to the investor, less recovery costs, the amount in excess will be refunded to the investor.

War, revolution, and insurrection coverage--This coverage protects the investor against any damage to tangible property as the result of war, revolution, or insurrection. Not included is injury to the physical property of the enterprise that is caused by civil strife of a lesser degree than any of the above as well as (1) intangible property, such as accounts, bills, currency, deeds, evidence of debt, money, securities, bullion, or manuscripts, (2) a security interest in tangible property held in connection with a debt, or (3) tangible property of the foreign enterprise not used in connection with the project.

The amount of compensation due to the investor depends upon several factors, including the amount of damage, the original cost of the property adjusted for depreciation, earnings and losses, and the investor's proportionate interest in the net worth plus long-term liabilities of the enterprise on the date of the damage. To evaluate these factors, authorized agents of OPIC are required to visit the project as soon as conditions permit. If this cannot be done, the amount of damage is presumed to be 60 percent of the covered value of the property which normally is cost less depreciation unless the investor is able to furnish evidence of a different amount.

The investor is required to assign to OPIC any claims, causes of action, or rights to compensation received from any source because of the property damages.

Qualifying for insurance coverage

In view of the stated purposes and objectives of the Investment Insurance Program, certain stipulations must be met before an investment will qualify for insurance coverage.

1. The foreign government must have reached an agreement with the U.S. Government to institute the insurance program, and suitable arrangements must exist whereby the U.S. Government eventually can be subrogated to an insured investor's property and rights under an insurance claim. More than 90 less developed countries have entered into such agreements with the U.S. Government.
2. The investment must be in a new project, and, generally speaking, it must be intended that the investment will remain in the foreign enterprise for at least 3 years. Within this limitation the expansion, modernization, or development of an existing enterprise generally will qualify for insurance coverage.
3. The investment must be made by
 - a. a citizen of the United States;
 - b. a corporation, a partnership, or any other association created under the laws of the United States, which is substantially beneficially owned by a U.S. citizen (at least 51 percent of issued and outstanding stock); and
 - c. a foreign business wholly owned by investors eligible under items a or b.

Before any insurance contract can be issued, the investor must secure the approval of the foreign government for the inclusion of his project under the agreement in effect between the foreign government and the United States. Such approval is required to ensure that the project is within the scope of the intergovernmental agreement and that the interest of the United States is protected should a claim arise.

Amount of insurance coverage available

The investor, after determining which of the above coverages is desired, must select both a maximum insured amount and a current insured amount of insurance for each coverage chosen. The maximum amount establishes an upper limit of protection available to the investor that cannot be exceeded during the life of the contract. The current amount is the total protection in effect during any one contract year, but it may be revised during a specified period prior to the contract date of any succeeding year during the life of the contract up to the specified maximum amount.

The difference between the maximum amount and the current amount is termed "the standby amount." To maintain the right to elect full coverage in subsequent contract years, the insured must pay a small premium based on the standby amount. The premium is substantially less than that paid for current coverage.

The maximum amount that may be established is governed by the type of coverage selected and by the type of investment, such as loan or equity. For example, under inconvertibility coverage of an equity investment, an amount equal to 200 percent of the dollar amount of the initial investment may be established. If the investment is in the form of a loan, the maximum may be the amount (stated in dollars) of the principal plus the total interest to be paid over the normal life of the loan.

Amount of insurance outstanding

As noted above investment insurance covering political risks in less developed countries was authorized by the Foreign Assistance Act of 1961, as amended. Some types of political risk insurance under the auspices of the U.S. Government have been available, however, since the inception of the Marshall Plan in 1948, which initiated this form of assistance to European countries. Statistical data available at OPIC shows that, from the inception of political risk insurance in 1948 through June 30, 1971, a cumulative worldwide total of 4,784 policies have been issued for a total of \$11.1 billion. Of this total, \$8.35 billion was

outstanding as of June 30, 1971. The total amount of insurance outstanding, by type, at each end of the last 3 fiscal years is shown below.

<u>Type of insurance</u>	<u>Outstanding as of June 30</u>		
	<u>1969</u>	<u>1970</u>	<u>1971</u>
Convertibility	\$3,052,291,045	\$3,469,933,572	\$3,673,865,515
Expropriation	1,610,508,344	1,618,118,290	1,497,064,554
War risk	762,347,022	823,306,847	943,481,532
Combined expropriation and war risk	<u>1,345,554,067</u>	<u>1,846,435,033</u>	<u>2,235,747,611</u>
Total	<u>\$6,770,700,478</u>	<u>\$7,757,793,742</u>	<u>\$8,350,159,202</u>

Of the \$8.35 billion of insurance outstanding as of June 30, 1971, \$1.97 billion, or 23.6 percent, was issued by OPIC and the remaining \$6.38 billion, or 76.4 percent, was issued by U.S. Government agencies which administered the program prior to the establishment of OPIC. OPIC is contingently liable for any claims that may arise from any of the insurance currently in force.

Nature of investment projects insured by OPIC--An investment generally may be made in any form of business enterprise that is compatible with the purposes and objectives of the program and has the approval of the foreign government. Certain projects, because of their nature, generally are considered to be ineligible for insurance coverage. Some of the ineligible projects are those concerned with gambling, production for military uses, production of surplus commodities, production of alcoholic beverages, sale of real estate, and commodity speculation. Investments predominately are in the form of equity in, or loans to, a foreign enterprise. According to certain guidelines, however, investments may be in the form of (1) licensing of patents, processes, or techniques, (2) construction contracts, or (3) long-term suppliers credit.

Two types of special insurance contracts referred to as lenders and branch bank contracts are also available.

Lenders' contracts were initiated to encourage greater participation by institutional lenders by providing for more expeditious maturing and processing of claims in the event of inconvertibility and expropriation and by broadening the standard protection available under war-risk coverage.

Branch bank contracts were designed to make insurance coverage available both for permanent capital dedicated to the branch and for 50 percent of the extension of credits and overdraft facilities by the home office or branches in other countries to the insured branch. These contracts also cover eligible subloans made by a branch to local borrowers to the extent of 90 percent of the subloans.

An analysis of records available at OPIC shows that some of the major types of industries insured under the political risk insurance program are:

<u>Industry</u>	<u>Number of contracts</u>
Manufacturing	683
Chemicals and pharmaceuticals	301
Agriculture	216
Banking and financial institutions	118
Petroleum	116
Canning and food products	100
Mining	88
Lumber	58
Services	58
Hotel	58
Fishing and fish products	53
Textiles	50
Steel	37
Cement	28
Housing	20
Engineering and construction	17
Sales	17
Hydroelectric	15
Leasing	9
Airport facilities	6

Computation of insurance fees

The fees that the investor must pay for the elected coverage are based on the current insured amount and the standby amount, which is the difference between the maximum and current insured amounts. For example, under inconvertibility coverage the fee is computed at three tenths of 1 percent a year of the current coverage elected and one quarter of 1 percent of the standby amount.

The fee for both expropriation and war-risk coverage is computed at the rate of six tenths of 1 percent a year of the current insured amount and one quarter of 1 percent of the standby amount.

Insurance fees collected during fiscal years 1961 through 1971 were:

<u>Fiscal year</u>	<u>Fees collected</u>	<u>Increase by fiscal year</u>
(000 omitted)		
1961	\$ 1,672	
1962	2,413	741
1963	2,926	513
1964	4,675	1,749
1965	7,768	3,093
1966	9,868	2,100
1967	9,178	-690
1968	14,546	5,368
1969	19,722	5,176
1970	21,663	1,941
1971	<u>27,695</u>	6,032
Total	<u>\$122,126</u>	

Claims paid out since the inception of the insurance program amount to \$4.1 million, of which \$733,000 have been recovered. In 1971, however, a number of U.S. companies were expropriated by the Chilean Government. OPIC's potential loss as a result of this action is discussed in chapter 3.

CHAPTER 3

POTENTIAL INSURANCE CLAIMS

OPIC's policy is to establish a claim as a liability when an agreement to settle the claim has been reached. In order that claims can be paid quickly once a settlement agreement has been reached, OPIC maintains funded reserves to pay claims. Separate reserves have been established for both insurance and guarantee programs. As of June 30, 1971, OPIC's insurance reserve amounted to \$70 million. This reserve was increased to \$85 million after the end of the fiscal year. The guarantee reserve, which by law is required to have a minimum funded amount equal to 25 percent of the outstanding amount of guarantees, amounted to \$70 million on June 30, 1971. This amount exceeds the requirement by \$27.7 million.

From inception of the insurance program through June 30, 1971, OPIC and AID paid out claims of \$4.1 million. During the latter part of fiscal year 1971 and the first part of fiscal year 1972, however, the possibility of a substantial amount of claims being filed developed, principally because of expropriation actions by the Government of Chile. OPIC reported potential claims of \$236.3 million on its fiscal year 1971 financial statement. (See footnotes 5 and 6 of the financial statements, pp. 27 and 28.)

On February 10, 1972, The Anaconda Company formally filed claims against OPIC totaling \$165.9 million. Only \$11 million of this amount is included in the potential claims total of \$236.3 million. The remaining \$154.9 million was not included because OPIC did not believe that it had any liability for the amount. This matter is discussed on pages 14 to 16.

Claims for which settlements have not been reached are classified by OPIC in three categories: (1) actual claims in process, (2) potential claims resulting from host government action against an insured investment, and (3) potential claims because of the threat of host government action. Category 3 claims consist of situations which appear potentially dangerous to OPIC's management, although no positive actions

have been taken by a host government against a particular company insured by OPIC. OPIC's policy is not to disclose the possibility of such claims on its financial statement since no positive action has occurred unless the claims in category 3 move to categories 1 or 2.

According to OPIC records potential claims exposure, as of December 31, 1971, in each of the categories was:

Category 1	\$250,479,468
Category 2	9,922,955
Category 3	<u>50,920,320</u>
	<u>\$311,322,743</u>

The increase in potential claims as of December 31, 1971, to \$311.3 million from the \$236.3 million reported in OPIC's fiscal year 1971 financial statements results from (1) new claims and increases in existing claims of \$28.1 million,¹ (2) the addition of OPIC's third category of claims in the amount of \$50.9 million, and (3) deletions of claims and decreases in the amounts of claims of \$4 million.

POTENTIAL CLAIMS IN CHILE

The major portion of OPIC's potential claim exposure is in Chile where recent Chilean Government action has resulted in the expropriation or threat of such action of a substantial amount of investment. OPIC listed the following amounts in its potential claims categories as of December 31, 1971, for its U.S. investments insured in Chile.

Category 1	\$234,646,000
Category 2	1,342,000
Category 3	<u>34,604,320</u>
	<u>\$270,592,320</u>

¹In addition, two actions against U.S. investment were reported for which the amounts of the potential claims were unknown as of Dec. 31, 1971. The current insured amount under the two contracts involved totals \$16.7 million.

In addition, insurance coverage in three contracts between OPIC and The Anaconda Company are in dispute.

The matters in dispute concern the contracts in effect, as well as the types and amounts of coverage of insurance in force. The Anaconda Company, however, did formally file claims totaling \$154 million under two of the contracts on February 10, 1972. Under another contract it formally filed a claim for \$11.9 million, most of which was included in the amount reported as potential claims on the fiscal year 1971 financial statements.

The potential claims under the three contracts resulted when the Government of Chile, on July 16, 1971, adopted a constitutional amendment which, in effect, expropriated certain investments of The Anaconda Company in three copper mining projects. The basis for the dispute relating to two of the contracts was that during 1969 The Anaconda Company, to avoid threatened expropriation, agreed to sell its equity interest in two mines; the Chuquicamata (OPIC contract 5928) and the El Salvadore (OPIC contract 5936). A majority interest, 51 percent, was transferred immediately, and the remaining 49 percent interest was agreed to be transferred between 1973 and 1981.

The Anaconda Company stated that it had agreed to the sale at the insistence of the Government of Chile, to avoid immediate expropriation of its entire investment. In view of the fact that Anaconda previously had elected standby coverage,¹ rather than current coverage and in view of the nature of the investments and projects, AID (which previously administered the insurance program) advised Anaconda that AID no longer considered these two contracts, 5928 and 5936, to be in effect.

OPIC has been advised by outside legal counsel that it has no liability under these two contracts. On the other

¹The effect of standby coverage is to maintain the insured's right to elect full coverage in subsequent contract years, without full coverage being in effect in the current contract year. The premium for standby coverage is substantially less than that paid for current coverage.

hand Anaconda, in its annual report for 1970, stated that counsel for the company considered it unlikely that the AID (OPIC) position could be sustained.

The third OPIC-Anaconda contract (5850) insured Anaconda's equity and debt investment in the Exotica mine in Chile. The debt insurance portion of the coverage concerned an \$11 million loan by Anaconda to Exotica. In 1970, this loan was paid and a new loan was obtained from a bank. According to OPIC this was done without notice to OPIC's predecessor AID. As with the other two contracts discussed above, OPIC has been advised by outside legal counsel that it has no liability with respect to any contingent liability which may have been incurred in connection with the refinancing.

OPIC's insurance contracts provide for arbitration for any matters in dispute.

STATUS OF OPIC INSURANCE RESERVES

As of December 31, 1971, OPIC had set aside \$85 million as reserves for insurance claims. This amount was substantially less than the \$311 million that OPIC's management listed as potential claims as of December 31, 1971. Since OPIC did not believe that it had any legal liability with respect to the Anaconda mining properties which were expropriated by the Government of Chile, no amount was included in OPIC's list of potential claims for Anaconda.

Due to the many imponderable factors affecting the potential claims discussed above, as well as those affecting the contingent liability that OPIC has incurred as a result of its other contracts of insurance in force (see note 4 to OPIC's fiscal year 1971 financial statements, p. 27), we are not able to express an opinion on the amount reserved for losses OPIC may suffer as the result of its insurance contracts.

Section 237(c) of title IV of the Foreign Assistance Act of 1961, as amended, provides that the full faith and credit of the United States is pledged for the full payment and performance of obligations incurred by OPIC under its insurance contracts. Thus, if claim settlements are in excess of available reserves, OPIC will be required to request supplementary funds from the Congress.

CHAPTER 4

INVESTMENT FINANCING PROGRAM

In addition to insuring U.S. investors against political risks of loss, OPIC supports U.S. investment overseas by (1) guaranteeing loans from private U.S. lending institutions and other investments, (2) making loans from its own resources, (3) a program of preinvestment assistance, and (4) administering the Community Credit Guaranty Program. OPIC also administers, on behalf of AID, the Cooley loan program which makes loans in local currency in developing countries. These programs are discussed in this chapter.

INVESTMENT GUARANTEES

With several exceptions, section 234(b) of the Foreign Assistance Act of 1961, as amended, authorizes OPIC to issue to eligible investors guarantees of loans and other investments made by such investors, insuring against certain business and political risks upon such terms and conditions as OPIC may determine. The Congress has authorized OPIC to issue a maximum of \$750 million of guarantees, of which a maximum of \$1,250,000 shall be for credit union investment. OPIC, however, must establish and maintain a reserve fund equivalent to 25 percent of the amount of outstanding guarantees to pay for any losses incurred under the program.

The guarantee program originally was established by AID in fiscal year 1964 and was transferred to OPIC upon its establishment in fiscal year 1971. During the period fiscal year 1964 through fiscal year 1971 a total of 29 guarantees amounting to \$186.7 million were issued to eligible investors. Following is a summary of the amounts issued by region.

<u>Region</u>	<u>Number of contracts</u>	<u>Contract amount</u>
Latin America	9	\$ 34,451,750
East Asia	9	112,196,000
Near East and South Asia	4	23,875,000
Africa	7	16,188,160
	<u>29</u>	<u>\$186,710,910</u>

As of June 30, 1971, OPIC had 23 contracts covering 18 guarantees amounting to \$169.4 million outstanding. The following schedule shows that the majority of these guarantees were issued during the past 3 fiscal years.

<u>Region</u>	<u>Fiscal</u> <u>year</u> <u>1969</u>	<u>Fiscal</u> <u>year</u> <u>1970</u>	<u>Fiscal</u> <u>year</u> <u>1971</u>	<u>Total</u>
	—————(000 omitted)—————			
Latin America	\$ 2,632	\$ 850	\$ -	\$ 3,482
East Asia	-	89,000	2,100	91,100
Near East and South Asia	17,250	-	6,625	23,875
Africa	<u>9,352</u>	<u>6,500</u>	<u>-</u>	<u>15,852</u>
	<u>\$29,234</u>	<u>\$96,350</u>	<u>\$8,725</u>	<u>\$134,309</u>

From inception of the guarantee program through fiscal year 1971, OPIC and its predecessor in AID have collected \$3 million in guarantee fees and have paid guarantee claims of \$12.4 million. The current fee, which OPIC charges for its guarantees, is 1-3/4 percent of the outstanding amount of the guarantee. An OPIC official, however, has advised us of the plan to charge higher fees in those situations in which, OPIC believes, higher fees are justified based on the nature of the project.

OPIC's guarantees generally are issued under somewhat more restrictive conditions than are insurance contracts; however, the commercial, as well as the political, risks of investing in less developed countries are covered.

LOAN PROGRAM

In establishing OPIC, the Congress also provided that OPIC may make direct dollars and foreign currency loans to firms privately owned or of mixed public and private ownership. In furtherance of this purpose, the Congress provided OPIC with \$40 million out of dollar repayments of loans, which were made under the Mutual Security Act of 1954, to establish a revolving fund called the Direct Investment Fund (DIF) from which OPIC was to make loans for projects that

offered developmental benefits or that strengthened local business or industry.

DIF loans are to cover terms of 5 to 20 years and are to range from \$50,000 to \$2 million with varying commercial interest rates, depending on OPIC's assessment of the financial risk and its opportunity to share in the projects financial success. As of June 30, 1971, OPIC had authorized only one DIF dollar loan, which was for \$2 million.

Also OPIC administers the Cooley program under a cost-reimbursable arrangement with AID. Cooley loans are local currency loans made with funds obtained by the U.S. Government through Public Law 480 sales of agricultural commodities. The Cooley loan program, which has been operating since 1957, makes loans to American businessmen and their affiliates in developing countries for new investments or in expanding existing ones.

As of the end of fiscal year 1971, there were 237 Cooley loans outstanding valued at \$163 million.

PREINVESTMENT SURVEYS

OPIC's investment survey program seeks to increase investment by U.S. private enterprise in developing countries by encouraging U.S. investors to undertake surveys of investment opportunities. This program, as is the case with the other OPIC programs, previously was administered by AID. Preinvestment assistance consists essentially of sharing the cost of identifying suitable investment opportunities, proving their feasibility, and determining their acceptability to the host government. OPIC will pay up to 50 percent of the survey costs of an investment opportunity if, after making the survey, the U.S. investor determines that he is unwilling to make the investment and provides a written report to OPIC on the results of his survey. If, on the other hand, the investor decides to undertake the project surveyed, he must bear the full cost of the survey.

The preinvestment survey program, which has been operating since fiscal year 1962, has resulted in 346 surveys, which have led to 52 positive decisions to invest a total of \$105 million by U.S. investors in developing countries.

The total cost to AID and OPIC of surveys which resulted in negative decisions was about \$1.5 million. The number of new surveys being carried out under the program has declined sharply since fiscal year 1967. Only two new surveys were undertaken in fiscal year 1971.

Community Credit Guaranty Program

Title IV of section 240 of the Foreign Assistance Act of 1961, as amended, provides OPIC with a \$15 million authority to establish pilot guarantee programs in not more than five Latin American countries. These programs are designed to stimulate local economic development by encouraging private lending institutions to make loans to organized groups and individuals to enable them to carry out agricultural and self-help community development projects which they could not otherwise reasonably finance.

OPIC is authorized to issue guarantees to the lenders assuring against losses not to exceed 25 percent of the portfolio of such loans made by any one lender. In no event is the liability of the United States to exceed 75 percent of any one loan.

As of December 31, 1971, OPIC had issued eight guarantees in four Latin American countries with a proposed lending of \$1.9 million representing a maximum liability to OPIC of \$475,000.

CHAPTER 5

OPINION OF FINANCIAL STATEMENTS

The accompanying financial statements (schedules 1, 2, and 3) are essentially the same as those contained in OPIC's annual report to the Congress.

Our examination of the statement of financial condition of OPIC, as of June 30, 1971, and the related statements of net income, changes in the investment of the U.S. Government, and source and application of funds for the year then ended was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. To a significant extent our examination relied on prior audits performed by the Auditor General, AID, of the financial statements of AID's Investment Guaranty Program, the predecessor of OPIC. We reviewed the work of the Auditor General and found it to be acceptable.

OPIC insures and guarantees U.S. investors against the potential risks of loss of their overseas investments due to expropriation; inconvertibility of currency; and war, revolution, or insurrection. As of November 1971, OPIC's management believed that potential claims under its insurance contracts totaled \$236.3 million. (See note 5 to the financial statements.) This amount includes an \$11 million claim by The Anaconda Company for losses due to expropriation of its investment in mines in Chile. The amount does not include potential claims by The Anaconda Company and its subsidiaries for large additional expropriation losses in Chile. OPIC, on advice of outside counsel, believes that it has no liability for the additional claims. (See note 6 to the financial statements.)

Due to the many imponderable factors affecting the foregoing potential claims, as well as those affecting the contingent liability that OPIC has incurred as a result of its other contracts of insurance and guarantees in force (see note 4 to the financial statements), we are not able to express an opinion on the adequacy of the amount reserved for losses OPIC may suffer as a result of its insurance and guarantee contracts.

Section 237(c) of title IV of the Foreign Assistance Act of 1961, as amended, provides that the full faith and credit of the United States of America is pledged for the full payment and performance of obligations incurred by OPIC under its insurance and guarantee contracts. Thus, if claim settlements are in excess of available reserves, OPIC will be required to request supplementary funds from the Congress to pay the claims.

The statements of financial condition and net income for fiscal year 1970 are those of the program as administered by AID. They were not prepared on a full accrual basis and do not include many of the expenses applicable to insurance and guarantee programs; thus, they should not be used for comparative purposes.

In our opinion, subject to the above comments relating to the potential claim liability, the accompanying financial statements present fairly the financial position of OPIC at June 30, 1971, and the results of its operations, the changes in the investment of the U.S. Government, and the sources and applications of its funds for the year then ended, in conformity with generally accepted accounting principles and applicable Federal laws.

OVERSEAS PRIVATE INVESTMENT CORPORATION
(formerly Office of Private Resources, Agency for International Development — Note 1)

STATEMENT OF NET INCOME

	Fiscal Year Ended	
	June 30, 1971	June 30, 1970
INCOME		
FEES		
Political risk insurance	\$24,053,861	\$21,537,152
Investment guaranties	1,678,097	709,831
Registration fees	9,750	
Community Credit Guaranty Program	199	
Total fees	<u>25,741,907</u>	<u>22,246,983</u>
Other income, principally interest on U.S. obligations	2,937,316	521,211
Gross income	<u>28,679,223</u>	<u>22,768,194</u>
ADMINISTRATIVE EXPENSES		
Salaries and fringe benefits	1,942,048	1,273,164
Travel	119,467	85,486
Rent, communications & utilities	167,239	
Printing & reproduction	26,378	2,310
Contractual services	614,258	117,270
Supplies & materials	6,624	67
Depreciation & amortization	15,374	
Office furniture & fixtures		2,646
Prior year's adjustments — net	18,912	
Total	<u>2,910,300</u>	<u>1,480,943</u>
Deduct: Administrative costs reimbursed		
Cooley loan costs billed to AID	221,260	
Total administrative expenses	<u>2,689,040</u>	<u>1,480,943</u>
NET INCOME (Note 11)	<u>\$25,990,183</u>	<u>\$21,287,251</u>

The notes to the Financial Statements are an integral part of this statement

OVERSEAS PRIVATE INVESTMENT CORPORATION
(formerly Office of Private Resources Agency for International Development — Note 1)

STATEMENT OF FINANCIAL CONDITION

	June 30, 1971	June 30, 1970
ASSETS		
CURRENT ASSETS		
Fund balances		
Cash on hand and in transit	\$ 223,238	\$
Fund balances with U.S. Treasury (Note 3)	155,179,696	119,747,605
	<u>155,402,934</u>	<u>119,747,605</u>
Investment in U.S. obligations (Note 2)		
Valued at par	65,960,000	30,750,000
Less: Unamortized discount	1,377,503	261,014
	<u>64,582,497</u>	<u>30,488,986</u>
Accrued interest and fees	416,769	
Travel advances	2,775	4,154
Other receivables	664,295	400
Total current assets	<u>221,069,270</u>	<u>150,241,145</u>
OTHER ASSETS		
Claims-related assets	3,514,432	3,948,087
Leasehold improvements — net	52,581	
Furniture and fixtures	156,765	
Less: Estimated depreciation	(72,259)	
	<u>3,651,519</u>	<u>3,948,087</u>
	<u>\$224,720,789</u>	<u>\$154,189,232</u>

The notes to the Financial Statements are an integral part of this statement

BEST DOCUMENT AVAILABLE

BEST DOCUMENT AVAILABLE

	June 30, 1971	June 30, 1970
LIABILITIES, CAPITAL AND RESERVES		
LIABILITIES		
Accounts payable & accrued expenses	\$ 750,070	\$ 81,876
Fees paid in advance	1,211,284	787,485
Accrued annual leave	167,704	
Claims payable	910,885	319,576
Due other agencies (Note 9)	374,746	
Total liabilities	<u>3,414,689</u>	<u>1,188,937</u>
Deferred income	13,581,974	9,947,931
Total liabilities & deferred income	<u>16,996,663</u>	<u>11,136,868</u>
CAPITAL & RESERVES		
Capital held by U.S. Treasury	<u>40,000,000</u>	<u>20,000,000</u>
Insurance reserve		
Appropriations	<u>70,000,000</u>	<u>54,490,484</u>
Guaranty reserve		
Appropriations	44,111,484	40,871,000
Retained earnings reserved	25,888,516	
	<u>70,000,000</u>	<u>40,871,000</u>
Retained earnings (Note 1)		
Accumulated prior to transfer	42,024,586	27,690,880
Earned from February 1, 1971	11,588,056	
Total	<u>53,612,642</u>	<u>27,690,880</u>
Less: transferred to guaranty reserve	25,888,516	
Unrestricted earnings (Note 8)	<u>27,724,126</u>	<u>27,690,880</u>
Total capital & reserves	<u>207,724,126</u>	<u>143,052,364</u>
CONTINGENT LIABILITIES (Notes 4, 5, 6 & 7)		
	<u>\$224,720,789</u>	<u>\$154,189,232</u>

SCHEDULES 3 and 4

OVERSEAS PRIVATE INVESTMENT CORPORATION
(formerly Office of Private Resources, Agency for International Development — Note 1)

STATEMENT OF CHANGES IN INVESTMENT OF U.S. GOVERNMENT

	Capital	Insurance Reserve	Guaranty Reserve	Retained Earnings	Total
Balances, July 1 1970	\$20,000,000	\$54,490,484	\$40,871,000	\$27,690,880	\$143,052,364
Appropriations by Congress	20,000,000	15,509,516	3,240,484		38,750,000
Transferred from retained earnings			25,888,516	(25,888,516)	
Net Income					
July 1, 1970 to January 31, 1971				14,402,127	14,402,127
February 1, 1971 to June 30, 1971				11,588,056	11,588,056
Claims Net of recoveries (Note 11)				(68,421)	(68,421)
Balances, June 30, 1971	\$40,000,000	\$70,000,000	\$70,000,000	\$27,724,126	\$207,724,126

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(FOR THE FISCAL YEAR ENDED JUNE 30, 1971)

SOURCE

NET INCOME	
Fees	\$25,741,907
Other income, principally interest on U.S. obligations	2,937,316
Costs reimbursed by another agency	221,260
	<u>28,900,483</u>
Less: Administrative costs	2,910,300
Net Income	\$25,990,183

INVESTMENT OF U.S. GOVERNMENT

Appropriation for Direct Investments	20,000,000
Appropriation for insurance and guaranty reserve	18,750,000
	<u>38,750,000</u>
Reduction in claims-related assets	433,655
Depreciation and amortization	15,374
Total funds provided	<u>\$65,189,212</u>

APPLICATION

Purchase of furniture & fixtures and leaseholds	152,461
Claims net of recoveries	68,421
Increase in working capital	64,968,330
Total funds applied	<u>\$65,189,212</u>

SOURCE OF INCREASE IN WORKING CAPITAL

	June 30, 1971	June 30, 1970	Change
Gain in current assets			
Fund balances	\$155,402,934	\$119,747,605	\$35,655,329
Investment in U.S. obligations	64,582,497	30,488,986	34,093,511
Other current assets	1,083,839	4,554	1,079,285
	<u>221,069,270</u>	<u>150,241,145</u>	<u>70,828,125</u>
Less: Increase in current and deferred liabilities			
Accounts payable	750,070	81,876	668,194
Fees paid in advance	1,211,284	787,485	423,799
Accrued annual leave	167,704		167,704
Claims payable	910,885	319,576	591,309
Due other agencies	374,746		374,746
Total liabilities	<u>3,414,689</u>	<u>1,188,937</u>	<u>2,225,752</u>
Deferred income	13,581,974	9,947,931	3,634,043
	<u>16,996,663</u>	<u>11,136,868</u>	<u>5,859,795</u>
Working capital	\$204,072,607	\$139,104,277	
Net increase in working capital			\$64,968,330

The notes to the Financial Statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENT

NOTE 1: Title IV of the Foreign Assistance Act of 1961, as amended by the Foreign Assistance Act of 1969, December 30, 1969 (Public Law 91-175) authorized the creation of the Overseas Private Investment Corporation (OPIC) as a wholly owned U. S. Government Corporation. The interim administration of the programs and activities of OPIC were delegated to the Agency for International Development from December 30, 1969 to January 19, 1971 at which time Executive Order 11579 transferred all obligations, assets and related rights and responsibilities of predecessor programs and authorities to OPIC. For accounting purposes the transfer was effected as of January 31, 1971.

The financial statements for the fiscal year ended June 30, 1970 do not include many of the staff service expenses applicable to the programs and activities subsequently transferred to OPIC since these were absorbed by AID as part of its administrative costs. In addition, the financial data for fiscal 1970 is not fully on an accrual basis.

NOTE 2 In conformance with Section 239(d) Foreign Assistance Act of 1961, as amended, investments in U.S. obligations are limited to funds derived from fees and other revenues. Fees and revenues available for investment as of June 30, 1971 were \$67,194,616.

NOTE 3: Since June 30, 1971 loan agreements have been signed obligating \$2,700,000 of Direct Investment Funds; \$37,300,000 of Direct Investment Funds remain unobligated.

NOTE 4: Contractual Obligations

Political Risk Investment Insurance

The status of the authority and the outstanding insurance in force as of June 30, 1971 were as follows:

	<i>Authorized</i>	<i>Uncommitted</i>	<i>Outstanding</i>
Prior authorities	\$ 6,377,066,697	\$	\$6,377,066,697
Section 235 FAA	7,500,000,000	5,526,907,495	1,973,092,505
	<u>\$13,877,066,697</u>	<u>\$5,526,907,495</u>	<u>\$8,350,159,202</u>

Outstanding insurance by coverage

	<i>Current</i>	<i>Standby</i>	<i>Outstanding</i>
Convertibility	\$ 823,296,222	\$2,850,569,283	\$3,673,865,505
Expropriation	1,038,532,767	458,531,787	1,497,064,554
War Risk	583,930,700	359,550,832	943,481,532
Combined	1,434,531,836	801,215,775	2,235,747,611
	<u>\$3,880,291,525</u>	<u>\$4,469,867,677</u>	<u>\$8,350,159,202</u>

The combined insurance covers both expropriation and war risk. OPIC's liability at any one time is limited to the amount of insurance which is carried on a current basis. An election must be made annually on the anniversary date of each policy at which time the customer determines the amount of insurance coverage on standby and current. The premium for current coverage is substantially greater than that paid for standby coverage.

Investment Guaranties

The guaranty authority and outstanding guaranties as of June 30, 1971 were as follows:

	<i>Authorized</i>	<i>Uncommitted</i>	<i>Outstanding</i>
Prior authorities	\$ 65,015,500	\$	\$ 65,015,500
Section 235 FAA	750,000,000	645,775,000	104,225,000
Section 240 FAA	15,000,000	14,875,000	125,000
	<u>\$830,015,500</u>	<u>\$660,650,000</u>	<u>\$169,365,500</u>

The Corporation is required to have at the time of commitment of a guaranty issued under Section 235 FAA a reserve against outstanding guaranties issued under prior authorities or under Section 235 FAA of not less than 25 percent. As of June 30, 1971 the \$70,000,000 guaranty reserve was \$27,658,625 in excess of the minimum reserve required.

Contingent Liability

The maximum contingent liability as of June 30, 1971 can be summarized as follows:

Political risk investment insurance	
Current coverage	\$3,880,291,525
Investment guaranties	
Outstanding guaranties	169,365,500
	<u>\$4,049,657,025</u>

Included in these totals is \$236,288,112 of potential claims outlined in Notes 5 and 6.

The maximum single current liability at the end of fiscal 1971 was expropriation insurance in the amount of \$2.5 billion. Pursuant to Section 237(c) FAA, all insurance and guaranties constitute obligations, in accordance with the terms of said insurance and guaranties, of the United States of America and the full faith and credit of the United States of America is pledged for the full payment and performance of said obligations.

NOTE 5: Insurance Claims

OPIC follows a policy of accruing claims as liabilities when agreement to settle the claim has been reached. Potential claims which were not settled and not included in the financial statements can be summarized as follows

<i>Number</i>	<i>Status</i>	<i>Maximum Liability</i>
16	Claims filed but not settled	\$ 16,817,612
4	Actions taken against companies, no claims filed	1,170,500
	Other claims (See also Note 6)	
1	International Telephone and Telegraph Corporation S A	108,500,000
1	Kennecott Copper Corporation (Braden)	84,600,000
1	Cerro Corporation	14,200,000
1	The Anaconda Company (Chile Copper Company)	11,000,000
<u>24</u>		<u>\$236,288,112</u>

The list does not include disputed coverages of The Anaconda Company, which are discussed in Note 6.

The total maximum liability is in excess of insurance reserve presently available. Section 237(c) FAA pledges the full faith and credit of the United States for full payment and performance of these obligations. If claims settlements are in excess of available reserves, OPIC may be required to request supplementary funds from Congress.

NOTE 6: On July 16, 1971 the Government of Chile adopted a constitutional amendment which has the effect of expropriating certain United States investments, some of which were insured by OPIC, in the Chilean copper mining industry. Three policy holders are involved. To date the Government of Chile has not finally indicated if any compensation will be paid for three mines on which OPIC is carrying substantial expropriation insurance coverage. In Management's opinion the maximum amount of exposure on this coverage would be about \$110 million.

On September 29, 1971 the Government of Chile intervened in the Chile Telephone Company in which International Telephone and Telegraph holds a majority interest. This is insured by OPIC in the current amount of \$108,500,000.

In 1967 AID issued three contracts providing for insurance against expropriation of certain investments by The Anaconda Company and its subsidiaries in the Chuquicamata, El Salvador and Exotica copper mines in Chile. The Chuquicamata contract (No. 5928) and the El Salvador contract (No. 5936) were issued with respect to equity investments in the total amount of approximately \$160 million. The maximum coverage permitted under the two contracts totalled approximately \$235 million. In 1969 Anaconda agreed to sell its entire equity interest in these two mines to the Government of Chile. A majority equity interest (51%) was transferred immediately, and the remaining 49% equity interest was agreed to be transferred between 1973 and 1981, at a time to be chosen by the Government of Chile. Anaconda has stated that it agreed to the sale, at the insistence of the Government of Chile, in order to avoid immediate expropriation of its entire interest. In view of the fact that Anaconda had previously elected standby rather than current coverage (see Note 4 re election of standby coverage) for the period when the relevant events occurred, and in view of changes in the nature of the investments and projects resulting from the sale, AID advised Anaconda in 1969 that AID no longer considered Contracts Nos. 5928 and 5936 to be in effect. Anaconda has stated that it maintains that the contracts remain in full force and effect. OPIC has been advised by outside legal counsel that it has no liability under these contracts. There is an additional difference of opinion between OPIC and Anaconda as to approximately \$11 million of debt coverage under Contract No. 5850. The debt coverage was with respect to a loan by Anaconda to Exotica. In 1970 this loan was paid and a new loan was obtained from a bank. This was done without notice to AID. OPIC has been advised by outside legal counsel that it has no liability with respect to any contingent obligations Anaconda may have incurred in connection with the refinancing. Insurance contracts provide for arbitration of any matters in dispute.

NOTE 7: As of June 30, 1971 the Corporation had \$316,043 of obligations on which no expenses had been incurred.

NOTE 8: In September 1971 the insurance reserve was increased \$15,000,000 to \$85,000,000 leaving \$12,724,126 in retained earnings.

NOTE 9: Balance of \$374,746 due other agencies consists of Agency for International Development appropriations to be used in the pre-investment survey program administered by OPIC. Unused funds will be returned to AID.

NOTE 10: On June 28, 1971 OPIC received an allocation of 75,000,000 Indian rupees (U.S. equivalent \$9,868,000) from excess currency funds held by the U.S. Treasury. OPIC proposes to make these funds available for loans to privately owned or mixed private and public projects in India subject to Government of India approval. Funds remaining uncommitted as of June 30, 1972 and principal payment reflows will be returned to the U.S. Treasury. As of June 30, 1971, the U.S. Treasury had not transferred these funds to OPIC.

NOTE 11: Net income is exclusive of claims settlements.

Claims settlements for the fiscal years 1970 and 1971 were as follows:

	1971	1970
Claims	\$ 118,103	\$5,746,295
Recoveries	(49,682)	(22,950)
Net	<u>\$ 68,421</u>	<u>\$5,723,345</u>

BEST DOCUMENT AVAILABLE

PRINCIPAL OFFICIALS
OF THE
OVERSEAS PRIVATE INVESTMENT CORPORATION
AT JUNE 30, 1971

Board members (note a)	<u>Position</u>	<u>Date of Appointment</u>
John A. Hannah	Chairman	1-19-71
Bradford Mills	Director	1-19-71
Paul Volcker	do.	1-19-71
Nathaniel Samuels	do.	1-19-71
Harold B. Scott	do.	1-19-71
Gustave M. Hauser	do.	1-19-71
James A. Suffridge	do.	1-19-71
Allie C. Felder, Jr.	do.	1-19-71
Daniel Parker	do.	1-19-71
Robert F. Buck	do.	1-19-71
Clifford Yee	do.	1-19-71

Officers

Bradford Mills	President and Chief Executive Officer	1-19-71
Herbert Salzman	Executive Vice President	1-19-71
Marshall T. Mays	General Counsel	3- 7-71
William A. Pistell	Treasurer	5-17-71
Harry L. Freeman	Vice President for Corporate Planning	3- 7-71

^aSection 233(b) of title IV of the Foreign Assistance Act of 1961, as amended, provides that the Administrator, AID, be chairman of the Board. It provides also that six of the directors not be officials or employees of the United States and that the remaining directors be U.S. Government officials.

APPENDIX II

POSITIONS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION

BOARD MEMBERS

<u>Board member</u>	<u>Official title</u>
John A. Hannah	Administrator, Agency for International Development
Bradford Mills	President and Chief Executive Officer, Overseas Private Investment Corporation
Paul Volcker	Under Secretary of Treasury for Monetary Affairs
Nathaniel Samuels	Deputy Under Secretary of State for Economic Affairs
Harold B. Scott	Assistant Secretary of Commerce for Domestic and International Business
Gustave M. Hauser	Vice President, General Telephone and Electronics International, Inc.
James A. Suffridge	President Emeritus, Retail Clerks International Association
Allie C. Felder, Jr.	Director, Outreach Division, Cooperative League of the U.S.A.
Daniel Parker	Chairman, Parker Pen Company
Robert F. Buck	Senior Vice President, National Bank of Commerce of Seattle
Clifford Yee	President, Finance Factors, Ltd.

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